

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 3022 – HB 3665

March 26, 2012

**SUMMARY OF AMENDMENT (015676):** Adds a new section to the original bill. Requires the provisions of the bill to be implemented within existing resources of the higher education systems.

FISCAL IMPACT OF ORIGINAL BILL:

(CORRECTED)

Increase State Expenditures - \$16,600/Recurring

Decrease State Expenditures - \$208,800/One-time/Cost Avoidance  
\$31,320/Recurring/Cost Avoidance

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original corrected fiscal note.

Assumptions applied to amendment:

- In the fall of 2011, 581 background checks (352 TBR and 229 UT) were performed on applicants for employment in college or university operated housing facilities.
- The cost per background check is \$28.50.
- The cost for background checks will no longer be paid by the applicant but by the public college or university. The increase in state expenditures for background checks will be \$16,558 (581 x \$28.50).
- Based on information received from the Tennessee Higher Education Commission (THEC), the fiscal impact of \$16,558 for performing additional background checks can be absorbed by the UT and TBR systems. The increase per individual campus throughout the systems will be at such an amount that funding can be accomplished using existing resources without an additional appropriation.
- Currently, TBR employees are prohibited, until July 1, 2013, from electing to receive a separate longevity check.
- Longevity checks for TBR employees will remain a single check.

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- Removing the separate longevity check option will result in a cost avoidance to TBR since any anticipated expenditures to make changes to the Banner payroll management component would not have been incurred until FY12-13.
- The one-time cost avoidance in FY12-13 will be \$208,800, which is based on 1,160 hours of work for Banner changes by an outside vendor at a labor rate of \$180 per hour.
- The recurring cost avoidance will be \$31,320, which is TBR's estimate for recurring maintenance on the Banner system as a result of the changes in longevity pay.
- Implementation will also result in a decrease in payroll staff time at TBR institutions to issue separate paychecks and run a separate payroll that would have been implemented in FY13-14.
- The increase in state expenditures for background checks and the cost avoidance are not netted against each other because the cost avoidance is not currently being incurred.
- Any decrease in state expenditures to exempt TBR, the UT Board of Trustees, and THEC from filing quorum reports with the Secretary of State will be not significant.
- Any decrease in state expenditures to exempt public colleges and universities from filing an annual petroleum reduction plan will be not significant.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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